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**MINUTES OF THE PROCEEDINGS  
REGULAR MEETING  
OF THE  
RETIREMENT BOARD OF THE POLICEMEN'S  
ANNUITY & BENEFIT FUND  
HELD  
TUESDAY - DECEMBER 20, 2016**

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The regular meeting of the Retirement Board of the Policemen's Annuity and Benefit Fund was held December 20, 2016, at 9:00 A.M. at the office of the Fund, 221 N. LaSalle Street, Room 1626, Chicago, Illinois for the consideration of applications and bills, and for other such matters that came before the Board. The contents of this meeting were transcribed by Esquire Communications, Ltd. Court Reporters and are made a part of the record.

PRESENT: Trustees Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

ABSENT: Summers 1.

PRESIDING: President Hauser

President Hauser called the meeting to order.

The first order of business was the election of Retirement Board Officers for the Policemen's Annuity and Benefit Fund.

#### **ELECTION OF OFFICERS**

*Nomination made by Trustee Maloney of Kenneth Hauser for the position of President, seconded by Trustee Lappe.*

No other nominations were made.

VOTE on the nomination.

#### **ROLL CALL**

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

*Nomination made by Trustee Hauser, of Brian Wright for the position of Vice President, seconded by Trustee Maloney.*

No other nominations were made.

VOTE on the nomination.

#### **ROLL CALL**

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

*Nomination made by Trustee Lappe of James Maloney for the position of Recording Secretary, seconded by Trustee Wright.*

No other nominations were made.

VOTE on the nomination.

#### **ROLL CALL**

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

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President Hauser called for a motion on the minutes from the regular Board of Trustee meeting held October 27, 2016.

*Motion was made by Trustee Maloney, seconded by Trustee Wright, that the Board approve the minutes from the regular meeting held October 27, 2016.*

ROLL CALL

For: Avila, Brown, Hauser, Lappe, Maloney, Wright 6.

Absent: Summers 1.

Abstain: Hamburger 1.

Against: 0.

Trustee Hauser requested motions on Board orders submitted by the Board's legal counsel.

In the matter of **Alvaro Aich**, the Board found that Officer Aich's duty disability benefit, resulting from an act of duty has ceased, and therefore, his duty disability benefit shall cease on November 30, 2016.

*It was moved by Trustee Lappe, seconded by Trustee Wright that the Board adopt the order on Alvaro Aich as submitted.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

In the matter of **Christine Dolan**, return to work, therefore her duty disability benefits shall cease on November 30, 2016.

*It was moved by Trustee Maloney, seconded by Trustee Wright that the Board adopt the order on Christine Doan as submitted.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

In the matter of **Kathleen Foley**, return to work, therefore her duty disability benefits shall cease on December 31, 2016.

*It was moved by Trustee Maloney, seconded by Trustee Wright that the Board adopt the order on Kathleen Foley as submitted.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

In the matter of **Kenneth Krofel**, return to work, therefore his duty disability benefits shall cease on December 31, 2016.

*It was moved by Trustee Lappe, seconded by Trustee Wright that the Board adopt the order on Kenneth Krofel as submitted.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

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In the matter of **Gelacio Revas**, return to work, therefore his duty disability benefits shall cease on December 31, 2016.

*It was moved by Trustee Maloney, seconded by Trustee Wright that the Board adopt the order on Gelacio Revas as submitted.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

**Michael Sandusky**, the Board found that Officer Sandusky is currently disabled and the disability is in part due to a non-duty preexisting medical defect or other disease therefore, he is granted a 50% duty disability benefit the date he exhausted his CPD medical leave.

*It was moved by Trustee Wright, seconded by Trustee Lappe that the Board adopt the order on Michael Sandusky as submitted.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

In the matter of **Steve Staskiewicz**, return to work, therefore his duty disability benefits shall cease on October 31, 2016.

*It was moved by Trustee Maloney, seconded by Trustee Wright that the Board adopt the order on Steve Staskiewicz as submitted.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

**Clay Walker**, the Board found that Officer Walker is again disabled by reason of the same injury for which he was previously granted a 50% duty disability benefit. His current disability is an aggravation of the same injury and as such entitles him to again receive a 50% duty disability benefit the date he exhausted his CPD medical leave.

*It was moved by Trustee Maloney, seconded by Trustee Wright that the Board adopt the order on Clay Walker as submitted.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

The Executive Director requested that the Board move to investment topics before proceeding with the general agenda.

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December 18, 2015

Page 4.

The Fund's Chief Investment Officer discussed investment matters with the Board.

- An update regarding the performance of the Fund and a modification to a redemption request previously made for January benefit payments.
- A presentation by Dorchester Capital; a respondent to the Fund's income-generating RFP. The Fund focuses on purchasing secondary interests in hedge funds and was the only RFP response with such strategy.
- A request that representatives from Crestline be invited to the January Investment Committee Meeting to present an investment product that was submitted to the Fund's income-generating RFP. The Board agreed to invite representatives from Crestline to present the product.
- A change to the investment policy with respect to assets managed by Lazard in the Emerging Markets Fund. Representatives from Lazard have requested that the policy be amended to allow the addition of real estate as a standalone sector of up-to 5 percent and reduce the maximum allocation to financials from 35 to 40 percent.

*It was moved by Trustee Wright, seconded by Trustee Avila, that the Board approve modification to the January redemption so that the Fund can redeem up to \$60 million from the equity portfolio to make the January benefit payments from managers as follows; up to \$15 million each; NTGI Russell Fund; Great Lakes; William Blair International Growth; and Artisan Partners.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

It was later noted that the investment in the NTGI Russell Fund would be liquidated at the end of December, as part of market strategy.

The Board heard a presentation from Bryan Scordamaglia, a partner of Dorchester Capital Advisors, Santa Monica, California. Mr Scordamaglia discussed an overview of the Fund's strategy, the opportunity in the market sought and how such strategy fits into the Fund's portfolio. At the conclusion of the presentation, *it was moved by Trustee Hauser, seconded by Trustee Avila that the Board approve allocation of \$25 million to Dorchester Capital Secondaries IV, LP subject to legal review and due diligence; funds to be obtained from the liquidation of GMO.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

*It was moved by Trustee Hauser, seconded by Trustee Wright that the Board approve the change to the investment policy with respect to the Lazard Emerging Markets Fund as detailed and recommended by the Fund's Chief Investment Officer.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

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President Hauser turned the meeting over to the Recording Secretary, Trustee Maloney.

PAGE NO. REFERENCE

1 - 5 Incurred Expenses for the Month of December 2016.

*It was moved by Trustee Avila, seconded by Trustee Wright that the Board approve the Obligations as detailed on pages 1 through 5.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

6 - 8 Refunds of Contributions; Withdrawal of Service, Widow's Annuity Accumulations, and Widow's Annuity Accumulations-Revised

*It was moved by Trustee Avila, seconded by Trustee Wright that the Board approve the Refunds as detailed on pages 6 through 8.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

9 - 10 Payment to Heirs of Deceased Annuitants

*It was moved by Trustee Hauser, seconded by Trustee Avila that the Board approve the Refunds as detailed on pages 9 and 10.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

11 - 12 Annuities [Summary pg. 13]

*It was moved by Trustee Hauser, seconded by Trustee Lappe that the Board approve the Annuities as detailed on pages 11 and 12.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

14 - 15 Annuities - Revised

*It was moved by Trustee Hauser, seconded by Trustee Avila that the Board approve the Revised Annuities as detailed on pages 14 and 15.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

16 Annuities to Widows [Summary pg. 17]

*It was moved by Trustee Hauser, seconded by Trustee Wright that the Board approve the Annuities to Widows as detailed on page 16.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

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PAGE NO. REFERENCE

18 - 20 Payments of Death Benefits [Summary pg. 21]

*It was moved by Trustee Hamburger, seconded by Trustee Brown that the Board approve the Death Benefits as detailed on page 18 through 20, except for Leonard Broniaczyk and Bruce Cummings.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

On the matter of **Lynda R. Reid**, widow of Robert G. Reid, has requested the Board waive repayment of the death benefit she received in error and is currently repaying at \$500 per month, deducted from her widow's annuity.

*It was moved by Trustee Lappe, seconded by Trustee Hamburger that the repayment not be waived and the repayment plan in place continues until the full indebtedness is met.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

MISCELLANEOUS

22 REQUEST FOR PENSION CREDIT FOR PRIOR SERVICE UNDER 5-214 (c)

*Documentation verified, it was moved by Trustee Hamburger, seconded by Trustee Wright that the Board approve the prior service requests as detailed on page 22.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

23 REQUEST FOR PENSION CREDIT FOR PRIOR MILITARY SERVICE UNDER 5-214.3

*Documentation verified, it was moved by Trustee Hamburger, seconded by Trustee Hauser that the Board approve the prior military service requests as detailed on page 23.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

24 REQUEST FOR PENSION CREDIT FOR MILITARY LEAVE UNDER USERRA

*Documentation verified, it was moved by Trustee Wright, seconded by Trustee Lappe that the Board approve the military service leaves as detailed on page 24.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

Before proceeding to the hearings, there were matters scheduled for brief presentation to the Board.

WHEREUPON; Michael C. Marron, Financial Consultant with MAF Companies, Inc. entered the proceedings.

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Mr. Marron's presentation to the Board concerned another health insurance plan administered by United American Life Insurance Company, which could be an option for the retired annuitants and widow annuitants of the Fund to enroll, if such annuitant has Medicare Parts A and B coverage, with deductions taken direct from their annuity payments.

*It was moved by Trustee Wright, seconded by Trustee Maloney that the Board approve deductions from annuity payments for members that select healthcare coverage with the United American Medicare Supplement Plan.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Maloney, Wright 6.

Absent: Summers 1.

Against: Lappe 1.

*It was moved by Trustee Maloney, seconded by Trustee Wright that the Board enter into Executive session per 2 (c)(11).*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

*It was moved by Trustee Hamburger, seconded by Trustee Lappe, that the Board exit the Executive Session.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

PAGE NO. REFERENCE

HEARINGS

25 CREDIT FOR PRIOR SERVICE

Balestri, Frank D.

Frank Balestri appeared without counsel on his request to receive pension credit for prior service. Board counsel reviewed with Officer Balestri the procedures of an administrative hearing, along with his right to have an attorney present. Officer Balestri agreed to proceed without counsel. After hearing testimony from Officer Balestri and reviewing the documents submitted, *it was moved by Trustee Hamburger, seconded by Trustee Brown, that the Board deny Officer Balestri's request as it does not meet the provisions of the Pension Act.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

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DISABILITY HEARINGS

26 DISABILITY STATUS REVIEW

Piper, Peter J.

Attorney for Officer Piper appeared before the Board on the disability status review and requested a continuance.

*It was moved by Trustee Maloney, seconded by Trustee Wright, that the Board approve the continuance.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

27 ORDINARY DISABILITY CLAIM

Janda, Liane

Liane Janda appeared before the Board, with counsel, on her ordinary disability claim. After reviewing the documents submitted and hearing testimony from Officer Janda *it was moved by Trustee Hamburger, seconded by Trustee Maloney that the Board enter into executive session.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

*It was moved by Trustee Brown, seconded by Trustee Wright that the Board exit the executive session.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

WHEREUPON proceedings on this application continued.

*It was moved by Trustee Wright, seconded by Trustee Lappe, that the Board approve the ordinary disability benefits for Liane Janda.*

ROLL CALL

For: Hauser, Lappe, Maloney, Wright 4.

Absent: Summers 1.

Against: Avila, Brown, Hamburger 3.

HEARINGS concluded.

*It was moved by Trustee Brown, seconded by Trustee Lappe that the Board enter into executive session.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

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*It was moved by Trustee Brown, seconded by Trustee Hamburger that the Board exit the executive session.*

**ROLL CALL**

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

The next item on the agenda was discussion and approval of the 2017 operating budget for the Fund.

*It was moved by Trustee Wright, seconded by Trustee Lappe that the Board enter into executive session.*

**ROLL CALL**

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

*It was moved by Trustee Hamburger, seconded by Trustee Brown that the Board exit the executive session.*

**ROLL CALL**

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

*It was moved by Trustee Wright, seconded by Trustee Hamburger that the Board approve the 2017 operating budget for the Fund as presented.*

**ROLL CALL**

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

The Executive Director discussed with the Board of Trustees various matters pending review and/or Board approval.

- Meeting dates for 2017, were reviewed, adjusted and finalized.
- A request to all trustees that each completes his/her ethics training certification so that the Fund's staff can indicate compliance to the Department of Insurance.
- A copy of Public Act 99-0905 was distributed to the Trustees for review and discussion.
- Those annuitants impacted by Public Act 99-0506, with respect to the comparison of 125% of federal poverty income level versus amounts received by minimum annuitants or those annuitants retiring from ordinary disability have been paid appropriately for 2016. Approximately 50 members were impacted by this legislation.
- Staff requested approval for suspending Ricky Williams' disability benefit until he complies and completes an annual exam with the Board's consulting physician, as he has failed to appear for three scheduled appointments in 2016.

*It was moved by Trustee Avila, seconded by Trustee Brown, that the Board approve suspension of Ricky Williams disability benefit until he completes an annual exam with the Board's consulting physician.*

**ROLL CALL**

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

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- Based on the Board's consulting physician's recommendation, staff requested approval for an IME/FCE on disability recipient Michael Alesia.

*It was moved by Trustee Avila, seconded by Trustee Lappe, that the Board approve an IME/FCE for disability recipient Michael Alesia.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

- Discussion concerning attendance at the OPAL Public Funds Summit in January 2017.

*It was moved by Trustee Avila, seconded by Trustee Wright that the Board approve attendance by the Fund's CIO and any Trustee, who wishes to attend, the 2017 OPAL Public Funds Sumit in January 2017.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.

- Discussion concerning the Blue Cross Blue Shield and Aetna/Labor First enrollments and deduction requests has begun. Recommendation of Fund's legal counsel is that the Fund's staff take the requested premium deduction at this time from his or her annuity, so as to avoid any gap in coverage, and verify annuitant authorization during the reconciliation process in 2017.
- The Fund received four responses, each, to the RFPs for Audit Services and Actuarial Services. The Executive Director requested that the audit and actuarial committee review the responses and invite selected respondents, at a later date, to provide oral presentations. The Board requested that in the interest of timeliness of year-end procedures and adequate time to make an appropriate selection, the incumbent providers would be utilized for 2016 and the respondents be considered for year-end 2017, with the ability to adjust any related pricing due to this change.
- An update on the Cognizant Technology Solutions case, of which the Fund was advised to seek lead plaintiff. Through communication with Avi Bernstein of Bernstein Litowitz Berger and Grossman LLP, a larger fund has stepped forward to proceed as lead plaintiff. As such Mr. Bernstein did not recommend that the Fund continue to seek lead plaintiff status and thus the Fund's staff took no action on the matter.
- An update on the recovery of annuities paid after dates of death, was reviewed. As a reminder, the Fund was not notified of the passing of these annuitant and continued payment. The Fund's staff has worked with Trustee Lappe who presented the cases to CPD Financial Crimes. Based upon these efforts, the Fund has recovered substantial amounts.
- A final letter to annuitants who no longer receive healthcare from the City of Chicago as of December 31, 2016, and for whom the Fund's records reflect no selection of coverage with Blue Cross Blue Shield or Aetna, will be sent by the Fund. Such letter will be a final reminder to each member of loss of coverage unless an alternative plan is selected.

President Hauser presented the Richard J. Jones Annuitants' Assistance Fund with a \$500 donation from the golf outing run by President Hauser, the FOP and the Detectives Association.

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President Hauser also announced that The Policemen's Annuity and Benefit has received a Certificate of Achievement for Excellence in Financial Reporting on the Comprehensive Annual Financial Report for 2015. Regina Tuczak, Executive Director and Jim Dollard, Comptroller, were congratulated for their efforts.

All business concluded for this date, December 20, 2016, *it was moved by Trustee Avila, seconded by Trustee Lappe that this meeting be adjourned.*

ROLL CALL

For: Avila, Brown, Hamburger, Hauser, Lappe, Maloney, Wright 7.

Absent: Summers 1.

Against: 0.